



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/02/2003

GAIN Report #MD3003

Moldova, Republic of

Grain and Feed

Grain and Oilseeds Update

2003

Approved by:

Brian Goggin

U.S. Embassy

Prepared by:

Mila Boshnakova

Report Highlights:

Moldova faces difficult MY03/04 crop year and expects a significant decline in its wheat production to about 50 percent of MY02/03 production level. Moldova registered record high wheat exports in MY02/03, but is likely to become a net wheat importer in MY03/04. The prospects for sunflower production and exports remain good.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Sofia [BU1], MD

Weather	Page 1 of 11
Production	Page 1 of 11
Fall crops	Page 1 of 11
Spring Crops	Page 2 of 11
Table #1. Wheat production estimates for the period 2000-2003 in Moldova	Page 2 of 11
Table #2. Moldova Production Estimates for Barley, Corn and Sunflower in 2000-2003	Page 2 of 11
Local market, S&D tables	Page 3 of 11
Table #3. Wheat Supply and Demand in Moldova in MY2002/03 and MY2003/04	Page 3 of 11
Trade	Page 4 of 11
Table #4. Sunflower trade in Moldova in CY2002	Page 4 of 11
Table #5. Moldova grain exports in January - March 2002 and 2003 by destinations in MT	Page 6 of 11
Table #6. Moldova Exports of Grains in CY2001 and CY2002 in MT by destinations	Page 8 of 11
Table # 7. Moldova Grain Imports in CY2002 and January - March 2003 in MT	Page 10 of 11

Weather

Moldova, similar to Ukraine, has experienced a very adverse winter in 2002/2003. The temperatures in December and February were very low with insufficient snow cover, especially in central and southern parts of the country. In March, late winter snow cover stayed much longer than usual and low temperatures resulted in a frozen soil in the depth of 20-40 cm. This did not allow farmers to start their spring work in time and delayed the spring planting for April.

In addition, the spring was late, unusually dry, which did not allow fall crops to revitalize. Experienced farmers reported that wheat looked better at the end of March than in April. Dry weather also did not allow timely re-sowing of destroyed by cold winter fields (in addition to financial obstacles). As a result, the wheat yields from "standing" (non-winterkilled) fields are expected to be about 25-30 percent lower than usual.

Production

In April, the GOM started to make special surveys of winterkill wheat and barley fields; and to assess available market grain stocks. These actions were caused both by the adverse winter (and spring) as well as by significant grain exports. Similar to Ukraine, government officials were afraid of upcoming grain shortage which could, in turn, lead to undesirable political effects.

Fall crops

Production estimates vary considerably, especially for wheat.

Wheat planted area estimates are from 327,000 HA to 347,000 HA, of which "winterkill" fields from 82,000 HA - 96,000 HA. Most experts forecast harvested area to be 220,000 HA - 250,000 HA. The average yield in the last 5 years was 2.8 MT/HA. However, unfavorable weather is expected to reduce the average yield to 2.4 MT/HA or by 25 percent. Therefore, total production is forecast at 600,000 MT.

There are pessimistic estimates for total wheat production at 500,000 MT based on the assumption that yields can drop further to 2.0 MT/HA, however, this will be closely related to the weather conditions in the remaining period to the harvest (July).

The most recent (mid-May) official statements made by high level Government officials showed an even lower projection of 350,000 MT. GOM officials explained the upcoming "acute grain deficit" with hard weather conditions - severe winter, cold and long spring, and dry and hot May weather.

Fall barley planted area estimates vary from 71,400 HA to 91,700 HA, of which "winterkill" fields: total between 67,000 HA - 82,000 HA. Farmers' reports indicate a loss from 80 to 100 percent or average 90-93 percent. The AgOffice estimate is for a negligible harvested area of 10,000 HA, and production of 25,000 MT. It is still early to

estimate spring barley production but it is expected to not exceed 40,000 MT.

Spring Crops

As a result of the "winterkill" losses, farmers started re-sowing, mainly with sunflower and less with corn, due to the lack of planting seeds. As a result, despite the adverse effect in crop rotation, and associated with these potential problems with weeds, diseases, and quality, sunflower area is expected to reach 260,000 HA - 280,000 HA or 9-10 percent more than in MY02/03. Production is forecast at 336,000 MT based on the average yield over the last 5 years of 1.2 MT/HA.

Corn production is expected to increase only slightly due to the lack of planting seeds (see the Production Table #2 below).

General problems with spring crops and re-sowing of destroyed fall crops were lack of planting seeds, diesel fuel, farm machinery; and overall lack of cash funds.

Table #1. Wheat production estimates for the period 2000-2003 in Moldova

Wheat production estimates for the period 2000-2003 in Moldova			
Year	Harvested Area, HA	Yields, MT/HA	Production, MT
2000	358,700	2.52	735,200
2001	432,800	2.85	1,170,000
2002	440,463	2.68	1,180,000
2003	250,000	2.40	600,000
Source: CAMIB (marketing information agency) data for the period 2000-2002; 2003 - AgOffice estimates.			

Table #2. Moldova Production Estimates for Barley, Corn and Sunflower in 2000-

2003

Moldova Production Estimates for Barley, Corn and Sunflower in 2000-2003						
	Barley		Corn		Sunflower	
	Harvested area, HA	Production MT	Harvested area, HA	Production MT	Harvested area, HA	Production MT
2000	106,000	132,000	414,000	1,030,000	228,000	268,000
2001	99,000	233,000	470,000	1,116,000	208,000	254,500
2002	111,000	256,000	256,400	832,400	256,400	397,100
2003	10,000	25,000	260,000	860,000	280,000	336,000
Source: CAMIB (marketing information agency) data for the period 2000-2002; 2003 - AgOffice estimates.						

Local market, S&D tables

In MY02/03, Moldova exported record high quantity of wheat. Trade estimates for wheat exports between August and December 2002 are for 233,000 MT and smaller quantities were exported in early 2003. The AgOffice estimate for MY02/03 wheat exports are 250,000 MT.

Bleak prospects for wheat production in MY03/04 are likely to result in a shortage of high quality wheat for human consumption; feed shortage; imports of high quality wheat or, more likely, wheat flour as in the past; and price increase for wheat and wheat products (flour and bread).

The most severe shortage is projected with the feed shortage, which in turn, may lead to distress slaughtering. Currently, more than 90 percent of livestock is in small farms hands which do not have ability to purchase or import feed grains, they rely mainly on on-farm grain production.

Another important result from the expected grain shortage and declining wheat exports is that the country will be deprived from a substantial hard currency source. Farmers and traders will not have reliable cash inflow; and investment in agriculture/grain processing may be reduced.

Table #3. Wheat Supply and Demand in Moldova in MY2002/03 and MY2003/04

MY2002 Wheat Supply and Demand in Moldova in MT		MY2003 Wheat Supply and Demand in Moldova in MT	
Beg Stocks	20,000	Beg Stocks	40,000
Production	1,180,000	Production	600,000
Imports	0	Imports	60,000
Supply	1,200,000	Supply	700,000
Exports	250,000	Exports	0
Planting Seeds	100,000	Planting Seeds	90,000
Human Consumption	480,000	Human Consumption	450,000
State Stocks	20,000	State Stocks	20,000
Feed Use	310,000	Feed Use	120,00
End. Stocks	40,000	End. Stocks	20,000
Source: Ag Office estimates			

Record high wheat exports in MY02/03 started to lead to internal policy discussions in early spring. According to some unofficial sources, currently available wheat stocks in country are already insufficient to meet the demand until the new harvest. Estimates show a shortage of an amount equal to monthly human consumption or about 40,000 MT. Therefore, some officials, independent experts and traders predict imports of 25,000 MT to 30,000 MT of wheat/or flour before the new MY03/04 harvest starts.

Trade

In MY2002, grain/oilseeds exports were record high. According to trade contacts, exports reached 340,000 MT-350,000 MT. According to the MinAg data, monthly grain and oilseeds exports were between 33,000 MT (December 02) and 76,000 MT (September 02). Although, there are no official data, it is estimated that the country monthly export capacity is about 80,000 MT.

Prospects for MY03/04 are for imports of not less than 50,000 MT of wheat or in wheat flour equivalent, if wheat production will be 600,000 MT. If a more pessimistic scenario develops, the need for imports will increase.

Table #4. Sunflower trade in Moldova in CY2002

Moldova Sunflower Trade in CY2002			
	Exports, MT	Value, 000 \$	% to 2001
Sunflower seed	57,663	12,700	131.2%
Planting seeds	981	865	100.1%
Total	58,644	13,500	
	Imports, MT	Value, \$	% to 2001
Sunflower seeds	102	29	160%
Planting seeds	286	1,060	86%
Total	388	1,089	

Table #5. Moldova grain exports in January - March 2002 and 2003 by destinations in MT

Exports of Cereals by Destinations in January - March 2003 and in January - March 2002 in MT		
Country/destination	January - March 2003	January - March 2002
HS#10...Total cereals	33,475	9,861
France	2,518	0
Belarus	10,731	5,530
Hungary	5,003	0
USA	4,800	494
Germany	1,750	0
Ukraine	6,324	804
Romania	736	2,951
HS#1001 Wheat	16,849	0
France	2,518	0
Germany	1,070	0
USA	3,598	0
Hungary	5,003	0
Ukraine	4,238	0
HS#1003 Barley	1,550	0
Gibraltar	584	0
Germany	681	0
Ukraine	120	0
HS#1005 Corn	14,995	9,861
USA	1,203	494
Romania	626	2,951
Belarus	10,246	5,530
Latvia	507	0
Ukraine	1,966	804

HS#1005 Rice	10,169	5,815
Belarus	10,047	5,530
Russia	122	0

Table #6. Moldova Exports of Grains in CY2001 and CY2002 in MT by destinations

Moldova Exports of Grains in CY2001 and CY2002 in MT by destinations		
Product and HS#	2001	2002
HS#10... Cereals, total	181,710	565,742
Germany	918	13,152
Virginia Islands	0	19,937
UK	8,615	27,683
Romania	19,294	72,282
USA	45,443	147,941
Hungary	20,680	111,251
Ukraine	57,758	99,351
Belarus	9,949	19,748
France	1,043	22,561
HS#1001 Wheat, total	62,766	376,772
France	0	22,214
UK	0	25,071
Romania	53	61,962
USA	24,922	92,807
Hungary	2,960	81,136
Ukraine	32,213	67,720
HS#1003 Barley, total	90,702	99,836
Switzerland	1,778	5,987
Germany	918	6,097
Gibraltar	54	3,258
UK	8,615	2,164
Romania	6,412	3,044
USA	20,521	32,443
Hungary	17,593	24,460

Ukraine	25,276	17,951
HS#1005 Corn, total	28,022	89,033
Virginia Islands	0	10,823
Romania	12,628	7,244
USA	0	22,690
Hungary	126	5,654
Belarus	8,646	18,656
Russia	2,193	2,240
Ukraine	269	13,679

Table # 7. Moldova Grain Imports in CY2002 and January - March 2003 in MT

Imports of Cereals in CY2002 and January - March 2003 in MT		
Country of origin	CY2002	January - March 2003
HS#10... Cereals, total	18,011	2,359
Egypt	3,011	0
Lebanon	3,089	0
USA	7,365	0
Ukraine	2,744	189
Romania	0	116
Russia	0	1151
HS# 1001 Wheat	50	1,085
Ukraine	28	0
Romania	16	0
Russia	0	1,084
HS#1003 Barley	1	1
HS#1005 Corn	205	197
Romania	103	95
USA	11	0
Hungary	6	96
HS#1006 Rice	15,575	1007
Egypt	3,011	200
Lebanon	3,089	580
USA	7,350	0
Russia	755	67
HS#1101 Wheat flour	25,578	NA
USA	24,943	NA
Germany	106	NA

HS#1102 Other than wheat flour	2,344	NA
USA	1,636	NA
Romania	36	NA